ICI Explosives USA Inc (formerly known as Atlas Powder Co) v Pendaftar Paten

HIGH COURT (KUALA LUMPUR) — CIVIL APPEAL NO R3-16-9 OF 1995
NIK HASHIM J
26 FEBRUARY 1998

Patents *— Enforceability — UK patent lapse — Whether Malaysian patent lapses — Whether Malaysian registered patent enforceable in Malaysia — Patents Act 1983 s 35(1)(a)*

Patents *— Enforceability — UK patent lapse — Whether Malaysian patent could be restored or reinstated — Whether registrar has power to renew certificate — Patents Act 1983 s 89(c) — Patents (Amendment) Act 1993 s 45(2)*

The United Kingdom Patent No GB 1593163 ('the UK Patent') was granted in the United Kingdom ('the UK'). Subsequent to the grant of the UK patent, the appellant applied to register the said patent in Peninsula Malaysia, Sabah and Sarawak in 1982 under the Registration of United Kingdom Patents Act 1951 and the Registration of United Kingdom Patents Ordinance of Sabah and the Patents Ordinance of Sarawak ('the repealed laws'). The appellant's UK patent was duly registered in Malaysia under the respective laws and the relevant patent certificates were issued by the respective patent registrars. When the UK patent fees came to due on 9 November 1991, the appellant did not pay the fees and allowed it to lapse. The appellant applied to the respondent to restore the Malaysian certificates. The respondent came to the conclusion that since the appellant's UK patent had lapsed and was no longer in force, the Malaysian certificates, the status of which depended very much on the existence and validity of the UK patent, had also lapsed. The appellant appealed under s 88 of the Patents Act 1983 ('the Act'). The appellant contended that under s 89(c) of the Act (as unamended) the registrar had a discretion to allow renewal or restoration. The appellant further argued that the Patents (Amendment) Act 1993 ('Act A863') which came into force on 1 August 1995 was not yet in existence when he filed his appeal in 1993 and therefore s 89(c) as unamended was applicable to its case.

Held, dismissing the appeal:

(1) The Malaysian patent certificates had lapsed and ceased to have legal effect simply because the 'mother' UK Patent ceased to have effect on 9 November 1991 as a result of non-payment of the renewal fee. The Malaysian certificates were issued under the repealed laws and as such, their validity is governed by s 35(1) of the Act. The registered patent was granted in UK and by virtue of s 35(1)(a) of the Act, the enforceability in Malaysia hinges on its enforceability in the United Kingdom. Since the appellant's

A UK patent was allowed to lapse on 9 November 1991 and therefore not enforceable in the United Kingdom, likewise the Malaysian registered patent too was not enforceable in Malaysia (see p 295H–I).

(2) Under s 89(c) of the Act, it appears that the Registrar has the B power to renew the certificate which was issued under the repealed laws and is in force immediately prior to the coming into force of this Act on 1 October 1986. But in the present case, the certificates were not in force with effect from 9 November 1991, due to non-payment of the renewal fees in the United Kingdom. Thus, the lapsed certificates could not be classified as ones which could C have the like effect as they had been issued under this Act. To hold otherwise would be in direct conflict with the provisions of s 35(1)(a) which states that a certificate issued under the repealed laws shall only remain in force provided that the original UK patent remains in force in the United Kingdom (see p 296E–F).

D Section 45(2) of Act A863 states very clearly that 'paragraph 89(c) of the principal Act as amended in subsection (1) shall be deemed to be and to have always been an integral part of section 89 from the date of coming into force of the principal Act'. Thus, with the express provision, it is manifestly clear that s 45(2) is to take effect retrospectively, ie on 1 October 1986, the E date of coming into force of the principal Act, ie the Patents Act 1983. Therefore, it is the duty of the court sitting in its appellate capacity to apply the law accordingly, even though the consequence might appear harsh and unjust (see p 297H–I); *Loh Kooi Choon v Government of Malaysia* [1977] 2 MLJ 187 followed.

F

[Bahasa Malaysia summary

Paten United Kingdom No GB 1593163 ('Paten UK') telah diberikan di United Kingdom ('UK'). Berikutan daripada pemberian Paten UK, perayu memohon untuk mendaftarkan paten tersebut di G Semenanjung Malaysia, Sabah dan Sarawak pada tahun 1982 di bawah Akta Pendaftaran Paten United Kingdom 1951 dan Ordinan Pendaftaran Paten United Kingdom Sabah dan Ordinan Paten Sarawak ('undang-undang yang dibubarkan'). Paten UK perayu telah didaftarkan di Malaysia di bawah undang-undang dan sijil-sijil paten yang relevan dikeluarkan oleh pendaftar paten. Apabila fee paten UK H perlu dibayar pada 9 November 1991, perayu tidak membayar fee itu dan membiarkannya luput. Perayu memohon kepada penentang untuk mengekalkan sijil-sijil Malaysia. Penentang membuat kesimpulan bahawa oleh kerana Paten UK perayu telah luput dan tidak lagi berkuatkuasa, sijil-sijil Malaysia, yang mana statusnya bergantung I kepada kewujudan dan kesahan Paten UK, juga telah luput. Perayu membuat rayuan di bawah s 88 Akta Paten 1983 ('Akta tersebut'). Perayu menegaskan bahawa di bawah s 89(c) Akta tersebut (yang tidak dipinda) pendaftar mempunyai budi bicara untuk membenarkan pembaharuan atau pengekalan. Perayu selanjutnya berhujah bahawa

Akta (Pindaan) Paten 1993 ('Akta A863') yang berkuatkuasa pada 1 Ogos 1995 belum lagi wujud semasa ia memfailkan rayuannya pada tahun 1993 dan oleh itu s 89(c) seperti yang tidak dipinda adalah terpakai untuk kesnya. A

Diputuskan, menolak rayuan: B

(1) Sijil-sijil paten Malaysia telah luput dan tidak mempunyai kesan undang-undang kerana Paten UK tidak lagi mempunyai kesan pada 9 November 1991 akibat daripada kegagalan untuk membayar fee pembaharuan. Sijil-sijil Malaysia dikeluarkan di bawah undang-undang yang dibubarkan dan oleh yang demikian, C kesahannya dikawal oleh s 35(1) Akta tersebut. Paten yang didaftarkan diberikan di UK dan berdasarkan s 35(1)(a) Akta tersebut, penguatkuasaannya di Malaysia bergantung kepada penguatkuasaannya di UK. Oleh kerana Paten UK telah dibiarkan luput pada 9 November 1991 dan oleh itu tidak boleh D berkuatkuasa di UK, samalah juga paten berdaftar Malaysia tidak boleh dikuatkuasakan di Malaysia (lihat ms 295H–I).

(2) Di bawah s 89(c) Akta tersebut, Pendaftar mempunyai kuasa untuk membaharui sijil yang dikeluarkan di bawah undang-undang yang dibubarkan dan berkuatkuasa sebelum penguatkuasaan Akta ini pada 1 Oktober 1986. Tetapi dalam kes E ini, sijil-sijil itu tidak berkuatkuasa daripada 9 November 1991, kerana kegagalan untuk membayar fee pembaharuan di UK. Oleh itu, sijil-sijil yang luput itu tidak boleh diklasifikasikan sebagai yang boleh mempunyai kesan seperti telah dikeluarkan di bawah Akta ini. Untuk memutuskan sebaliknya akan F bertentangan dengan peruntukan-peruntukan s 35(1)(a) yang menyatakan bahawa sijil yang dikeluarkan di bawah undang-undang yang dibubarkan hanya boleh berkuatkuasa dengan syarat bahawa Paten UK yang asal masih berkuatkuasa di UK (lihat ms 296E–F).

Seksyen 45(2) Akta A863 menyatakan dengan jelas bahawa G 'perenggan 89(c) Akta utama seperti yang dipinda dalam subseksyen (1) dianggap sebagai bahagian seksyen 89 yang penting daripada tarikh mula berkuatkuasa Akta utama'. Oleh itu, dengan peruntukan yang nyata itu, adalah jelas bahawa s 45(2) berkuatkuasa secara kebelakangan, iaitu pada 1 Oktober 1986, H tarikh berkuatkuasa Akta utama, iaitu Akta Paten 1983. Oleh itu, adalah menjadi tugas mahkamah yang berada dalam keupayaannya sebagai mahkamah rayuan untuk mengguna-pakai undang-undang seperti yang ditetapkan, walaupun akibatnya mungkin nampak keras dan tidak adil (lihat ms 297H–I); *Loh Kooi Choon v Government of Malaysia* [1977] 2 MLJ 187 diikut.] I

[*Editorial note*: The appellant has filed an appeal vide Notice of Appeal No W–01–14–98.]

Notes

For cases on patents, see 10 *Mallal's Digest* (4th Ed, 1996 Reissue) paras 951–956.

Cases referred to

Jeou-Shun Industrial Co Ltd v Shuang Hor Enterprise (M) Sdn Bhd [1995] 1 CLJ 359 (refd)

Loh Kooi Choon v Government of Malaysia [1977] 2 MLJ 187 (folld)

Legislation referred to

Constitution (Amendment) Act 1976 s 4
Interpretation Acts 1948 and 1967 ss 2(3), 30(1)(a), (b), (d)
Patents Act 1983 ss 35(1)(a), (b), (2), 88, 89(c)
Patents (Amendment) Act 1993 s 45(1), (2)
Patents Ordinance of Sarawak
Public Authorities Protection Act 1948 s 2
Registration of United Kingdom Patents Act 1951
Registration of United Kingdom Patents Ordinance of Sabah
Patents Act 1977 s 25(3) [UK]

KK Peh (*Shearn Delamore & Co*) for the appellant.
Vong Poh Fah (Senior Federal Counsel) for the respondent.

Cur Adv Vult

Nik Hashim J: The United Kingdom Patent No GB 1593163 ('the UK patent') was filed in the United Kingdom on 9 November 1977 and was sealed and granted in the United Kingdom ('the UK') on 16 September 1981. The UK patent is for an invention entitled 'Water-in-oil Emulsion Explosive Composition'. Subsequent to the grant of the UK patent, the ICI Explosives USA Inc ('the appellant') applied to register the said patent in Peninsula Malaysia, Sabah and Sarawak in 1982 under the following laws: (i) Registration of United Kingdom Patents Act 1951; (ii) the Registration of United Kingdom Patents Ordinance of Sabah and the Patents Ordinance of Sarawak (which are now repealed and hereinafter collectively referred to as 'the repealed laws'). The appellant's UK patent was duly registered in Malaysia under the respective laws and the relevant patent certificates were issued by the respective patent registrars. Under the UK patent laws, in order to keep a patent in force, the appellant is required to pay annual renewal fees, otherwise the patent will lapse and ceases to have any effect. When the UK patent renewal fees became due on 9 November 1991, the appellant decided, for reasons best known to it, not to pay the said renewal fees and allowed it to lapse. In other words, the appellant's UK patent rights in the UK in respect of the invention ceased on 9 November 1991.

By letter dated 11 May 1993, the appellant applied to the Registrar of Patents, Malaysia ('the respondent') to restore the Malaysian certificates as it was in doubt of the status of its Malaysian patent under the laws.

After having considered the appellant's application, the respondent came to the conclusion that since the appellant's UK patent had lapsed and was no longer in force, the Malaysian certificates, the status of which depended very much on the existence and validity of the UK patent, had also lapsed. Accordingly, the respondent dismissed the applicant's application. Against that decision, the appellant now appeals to this court under s 88 of the Patents Act 1983 ('the Act').

There are two main issues in this case. They are:

(i) whether the Malaysian patent certificates lapse and cease to have any effect when the UK patent lapsed and ceased to have any effect on 9 November 1991; and

(ii) whether the Malaysian patent certificates could be restored or reinstated under the existing statutory provisions when the UK patent lapsed.

It is the contention of En KK Peh for the appellant that since the UK patent has not been revoked or determined and declared void by the UK courts, the UK patent is still enforceable in Malaysia pursuant to s 35(1)(a) of the Act (as unamended). The non-payment of the renewal fees in the UK does not affect the enforceability of the UK patent in Malaysia. According to him, the registrar should renew the certificates by virtue of s 89(c) upon the payment of any surcharge as provided for under s 35(2) of the Act.

Encik Vong Poh Fah, Senior Federal Counsel for the respondent, submitted that the registrar has no power under s 89(c) to reinstate or restore the lapsed certificates as the UK patent has lapsed under s 35(1)(a) of the Act.

In order to resolve the issue, I consider it necessary to reproduce the provisions of the relevant laws which are applicable to the case.

Section 35(1) states:

> Subject and without prejudice to the other provisions of this Act, a patent shall expire fifteen years after the date of its grant:
>
> Provided that where a certificate of registration in respect of a patent had been issued under the repealed laws mentioned in section 89, such patent shall remain in force —
>
> (a) as long as the original patent remains in force in the United Kingdom; or
>
> (b) Until the expiration of twenty years from the date of application,
>
> whichever is the earlier.

It is to be noted that the proviso to s 35(1) was repealed by the Patents (Amendment) Act 1993 ('Act A863'). Act A863, with the exception of s 45(2) which takes effect retrospectively on 1 October 1986, came into force on 1 August 1995.

A Section 89 provides:

> The Registration of United Kingdom Patents Act 1951, the Patents Ordinance of Sarawak, the Registration of United Kingdom Patents Ordinance of Sabah and ... are repealed:
>
> Provided that:
>
> B ...
>
> (c) any certificate issued under the repealed laws and is in force immediately prior to the coming into force of this Act shall, subject to the terms, conditions and the period of validity specified in the certificate, continue in force and have the like effect as if it had been issued under this Act and the Registrar may amend, modify, renew, cancel or revoke such
> C certificate in accordance with the powers conferred upon him by the relevant provisions of this Act relating thereto.

This s 89 para (c) of the Act was amended by s 45(1) of Act A863 by substituting for para (c) the following paragraph:

> D (c) any certificate or grant issued or made, in respect of a patent, under the repeal laws and in force immediately prior to the coming into force of this Act shall remain in force —
>
> (i) so long as the original patent remains in force in the United Kingdom; or
>
> (ii) until the expiration of twenty years from the date of application,
>
> E whichever is the earlier.

Section 45(2) of Act A863 states that s 89(c) as amended arose shall be deemed to be and to have always been an integral part of s 89 from the date of coming into force of the Act, which is 1 October 1986. It appears
F from the amendment that the present s 89(c) retains the provision of the repealed s 35(1)(a) of the Act.

Section 25(3) of the Patents Act 1977 ('the UK Act') provides:

> A patent shall cease to have effect at the end of the period prescribed for the payment of any renewal fee if it is not paid within that period.

G Bearing in mind the above provisions and having considered the submissions by both parties before me, I find that the Malaysian patent certificates have lapsed and ceased to have legal effect anymore simply because the 'mother' UK patent ceased to have effect on 9 November 1991 as a result of non-payment of the renewal fee under s 25(3) of the UK Act. The Malaysia
H certificates were issued under the repealed laws, and as such, their validity is governed by s 35(1) of the Act. The registered patent was granted in UK and by virtue of s 35(1)(a) of the Act its enforceability in Malaysia hinges on its enforceability in the UK. In this respect, I agree with the finding of the registrar when he said at p 13 of the record:

> I In order for the patent to remain in force in the United Kingdom the renewal fees should be paid in the United Kingdom.

Since the appellant's UK patent was allowed to lapse on 9 November 1991 and therefore not enforceable in the UK, likewise, the Malaysian registered patent too is not enforceable in Malaysia. The non-payment of the UK

patent renewal fees in the UK, which is not in dispute here, renders the patent ineffective and unenforcable in law not only in the UK but also in Malaysia. Hence the contention of the appellant that the UK patent has not been revoked or determined and declared void by the UK courts and therefore is still enforceable in Malaysia by virtue of unamended s 35(1)(a) of the Act, has no merit whatsoever. The enforceability of the UK patent in Malaysia does not depend on the revocation or determination and declaration of voidness of the UK patent by the UK courts.

The next issue is whether the Malaysian patent certificates could be restored under the existing legislations.

It was argued on behalf of the appellant that the registrar had a discretion to allow renewal or restoration by virtue of s 89(c) as unamended in 1993 on payment of renewal fees under s 35(2) of the Act. The provision under s 89(c) upon which the appellant relied is:

> ... any certificate issued under the repealed laws and is in force immediately prior to the coming into force of this Act ... shall have the like effect as if it had been issued under this Act and the Registrar may amend, modify, renew, cancel or revoke such certificate ... .

Under the above provision, it appears that the registrar has the power to renew the certificate which was issued under the repealed laws and is in force immediately prior to the coming into force of this Act on 1 October 1986. But in the present case, the certificates were not in force with effect from 9 November 1991, due to non-payment of the renewal fees in the UK. Thus, in my judgment, the lapsed certificates could not be classified as ones which would have the like effect as if they had been issued under this Act. To hold otherwise would be in direct conflict with the provisions of s 35(1)(a) which states that a certificate issued under the repealed laws shall only remain in force provided that the original UK patent remains in force in the UK.

Parliament, in order to make clear its intention, by Act A863 amended both ss 35(1)(a), (b) and 89(c). Provisos (a) and (b) to s 35(1) were deleted and transferred to become the new provision of s 89(c), with the pre-amendment provision in that section being deleted (see s 45(1) of Act A863). Further, pursuant to s 45(2) of Act A863, this new s 89(c) is deemed to have come into force on 1 October 1986, the date of coming into force of the principal Act, ie the Patents Act 1983. Thus, the amendment removes once and for all the basis of the appellant's contention that the registrar has the power to restore a lapsed certificate. Moreover, the principal Act (the Patents Act 1983) has no provisions for restoration of a lapsed patent. Section 35(2) of the Act refers to the 'patent' and 'date of grant of the patent'. It is, therefore, obvious that the patent refers to a patent granted in Malaysia after the coming into force of the Act on 1 October 1986. Furthermore, s 35(2) is not applicable to the patent which was granted in the UK and registered under the repealed laws as in this case. Accordingly, the appellant's lapsed certificates cannot be renewed or restored under s 89(c). Therefore, the payment of the prescribed annual fee under s 35(2) of the Act does not arise in the appellant's case. Thus,

with the lapse of the UK patent, it is not legally possible for the certificates to be restored. The certificates have lapsed with the lapse of the UK patent.

That, however, is not the end of the matter. Learned counsel for the appellant further complained that the amending Act A863, which came into force on 1 August 1995, was not yet in existence when he filed this appeal in 1993, and therefore s 89(c) as unamended still applies to its case, and hence s 45(2) of Act A863 which operates retrospectively with effect from 1 October 1986 is bad in law. Counsel cited the case of *Jeou-Shun Industrial Co Ltd v Shuang Hor Enterprise (M) Sdn Bhd* [1995] 1 CLJ 359 and s 30(1)(b) of the Interpretation Acts 1948 and 1967 in support.

In *Jeou-Shun*, the plaintiff obtained an ex parte order restraining the defendant from importing into Malaysia for distribution, supplies and sales a product bearing the plaintiff's trade mark. The injunction was obtained before the coming into force of the new r 1(2B) of O 29 of the Rules of the High Court 1980. The defendant applied to set aside the ex parte interim injunction. At the hearing of the application, the defendant argued that as O 29 r 1(2B) is procedural in nature it should have retrospective effect which would mean that the ex parte order obtained by the plaintiff had lapsed. The plaintiff argued that O 29 r 1(2B) does not have any retrospective effect and contended that when the plaintiff obtained the ex parte injunction, he had a vested right and that such vested right gave the plaintiff a right to remedy, and he relied on s 30(1)(a), (b) and (d) of the Interpretation Acts 1948 and 1967. Zakaria Yatim J (as he then was) ruled that the plaintiff, by filing a writ and statement of claim and by obtaining the ex parte order, had a vested right prior to the amendment and the amendment therefore should not affect such right. In the absence of any express words in the new r 1(2B) of O 29 that it should apply retrospectively, the ex parte order therefore must be construed to apply prospectively. Under s 30(1)(a), the amendment should not affect the previous operation of the repeal law or anything duly done or suffered thereunder.

The learned senior federal counsel, on the other hand, submitted that s 30 is not applicable in this case as there is express provision to the contrary in Act A863. I agree with him. Section 30 falls under Pt 1 of the Interpretation Acts 1948 and 1967, and by virtue of s 2(3), Pt 1 shall not apply where there is express provision to the contrary. In the present case, unlike in *Jeou-Shun* where there is an absence of express words in the new r 1(2B) of O 29, s 45(2) of Act A863 states very clearly that:

> ... paragraph 89(c) of the principal Act as amended in subsection (1) shall be deemed to be and to have always been an integral part of section 89 from the date of coming into force of the principal Act.

Thus, with the above express provision, it is manifestly clear that s 45(2) is to take effect retrospectively, ie on 1 October 1986, the date of coming into force of the principal Act, ie the Patents Act 1983. Therefore, it is the duty of this court, sitting as an appellate court, to apply the law accordingly, even though the consequence might appear harsh and unjust. In the then

Federal Court case of *Loh Kooi Choon v Government of Malaysia* [1977] 2 MLJ 187, a similar question of whether an amendment operates with retrospective effect arose over s 4 of the Constitution (Amendment) Act 1976 which reads:

> Provided that this Clause shall not apply to the arrest or detention of any person under the existing law relating to restricted residence, and all the provisions of this Clause shall be deemed to have been an integral part of this Article as from Merdeka Day.

Raja Azlan Shah FJ (as he then was) at p 190 said:

> In so far as an Act of Parliament is concerned, the rule of construction is that in order to determine whether it is retrospective in its operation, the language of the Act itself must be looked into bearing in mind that an Act is not to be construed retrospectively unless it is clear that such was the intention of Parliament. If such was the intention that the Act was to be given retrospective effect even in respect of substantive right or pending proceeding, the courts have no alternative but to give effect to the Act even though the consequences might appear harsh and unjust.

His Lordship continued:

> It cannot be gainsaid that Parliament is endowed with plenary powers of legislation and that it is within the ambit of its competence to legislate with prospective or retrospective effect. Retrospective legislation is one of the incidents of plenary legislative powers and as such is not required to be spelt out in the Constitution. Subject to the constitutional limitation of Article 7 of the Constitution, to wit, protection against retrospective criminal laws and repeated trials, Parliament would be within the ambit of its competence if it deems fit to legislate retrospectively.

The amendment to s 89(c) finally clears the doubt over the power of the registrar that he could not renew or restore the lapsed certificates at all. The registrar is therefore correct to hold that the Patents Act 1983 has no provisions for the restoration of a lapsed patent. Accordingly, I dismiss the appeal. Since the respondent in this instance is a public authority and the appeal has resulted in its favour, and pursuant to s 2(b) of the Public Authorities Protection Act 1948, I hereby award costs to the respondent to be taxed on a solicitor and client basis.

Appeal dismissed.

Reported by Eugene Lee